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ORIGINAL

BEFORE THE ARIZONA CORPORATION

COMMISSIONERSDOUG LITTLE - CHAIRMAN
BOB STUMP
BOB BURNS
TOM FORESE
ANDY TOBINRECEIVED
AZ CORP COMMISSION
DOCKET CONTROL

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IN THE MATTER OF THE
APPLICATION OF SOUTHWEST GAS
CORPORATION FOR THE
ESTABLISHMENT OF JUST AND
REASONABLE RATES AND CHARGES
DESIGNED TO REALIZE A
REASONABLE RATE OF RETURN ON
THE FAIR VALUE OF THE
PROPERTIES OF SOUTHWEST GAS
CORPORATION DEVOTED TO ITS
ARIZONA OPERATIONS.

Docket No. G-01551A-16-0107

REPLY

Arizona Corporation Commission

DOCKETED

AUG 17 2016

DOCKETED BY

Desert Valley Natural Gas, LLC, (Desert Valley) hereby replies to Southwest Gas Corporation's (SWG) Opposition and Response to Desert Valley LLC's Motion to Intervene (the Opposition). Desert Valley requests that its Motion to Intervene be granted in this proceeding. As explained in more detail herein, contrary to the Opposition, Desert Valley will be directly and substantially affected by the outcome of this rate case and its participation in this proceeding will not unduly broaden the issues before the Commission. In support hereof, Desert Valley states as follows:

1. **Desert Valley Should be an Intervenor Because it will be Directly and Substantially Affected by how the Commission Addresses Discriminatory Schedule No. T-1 in this Proceeding.**

As stated in its Motion to Intervene, "Desert Valley seeks to intervene in this proceeding in connection with the terms and conditions of Schedule No. T-1 as it exists, may be modified or supplemented." As it stands, Schedule No. T-1 is discriminatory in

1 that it only allows small commercial customers **who are affiliated with an existing SWG**
2 **industrial (also referred to as "Transportation-Eligible") customer** to choose their
3 own natural gas supplier. No other commercial customers are allowed to choose their
4 own natural gas supplier under SWG's tariffs. *See* Schedule No. T-1 at 1.2, Schedule G-
5 25. The tariff unduly rewards industrial customers and their commercial affiliates and
6 penalizes all other commercial customers who are not affiliated with industrial customers
7 by denying them access to alternative natural gas suppliers.

8 Desert Valley is directly and substantially affected by the outcome of this
9 proceeding because if no action is taken with respect to Schedule No. T-1, Desert Valley
10 will be unable to offer its services to commercial customers of SWG. This impact to
11 Desert Valley (and the affected customers) could not be more direct and substantial.

12 In its Opposition, SWG attempts to make much of the proposed change to Schedule
13 T-1 and the potential need for certification and rule making relating to such a change. But
14 these issues are speculative at this point, go to the merits of potential changes and are not
15 relevant to the present issue of whether Desert Valley is directly and substantially
16 impacted by Schedule T-1 and should be permitted to intervene and make its case for a
17 change in the tariff .

18 **2. Desert Valley's Participation in the Proceeding is Proper and will not**
19 **Unduly Broaden the Scope of this Proceeding.**

20 In its Opposition, SWG also claims that permitting Desert Valley to intervene to
21 seek modification of Schedule No. T-1 will unduly broaden the scope of this proceeding.
22 But this argument carries little weight given that SWG has indicated that it is seeking to
23 make changes to its tariffs and rate design. For example, in the Application filed with the
24 Commission on May 2, 2016 SWG stated, "In addition, the Company is proposing
25 enhancements to existing regulatory mechanisms and **tariff provisions**, as well as several
26 new proposals, each of which are designed to benefit customers..." *See* Application at 1;
27 emphasis added. The Application goes on to explain that "Southwest Gas **proposes**
28 **several changes to its Arizona Gas Tariff** to make a variety of updates and

1 "housekeeping changes"...additional information regarding the circumstances and
2 conditions justifying Southwest Gas' proposed tariff changes is providing in the
3 supporting testimony that accompanies this application" *Id.* at 7-8; emphasis added.
4 Having already indicated that it will present various changes and modifications to its
5 tariffs, SWG cannot now complain that having Desert Valley propose changes to a
6 discriminatory tariff unduly broadens the scope of this proceeding.

7 In fact, as SWG already recognizes, the pending rate case is not only the proper
8 forum to address questions surrounding Schedule No. T-1 and SWG's other tariffs, it is
9 the best one as any tariff modifications can be considered within the full context of SWG's
10 rates, rate design and other proposals before the Commission.

11 CONCLUSION

12 Desert Valley is directly and substantially affected by the outcome of this rate case.
13 Desert Valley is currently prevented from providing service to SWG customers by
14 Schedule T-1 and SWG customers are affected by the tariff as well. Further, participation
15 by Desert Valley to attempt to seek a modification of Schedule No. T-1 does not unduly
16 broaden the scope or issues of this rate case given that SWG has already indicated that it
17 will seek changes and modifications to existing tariffs. The determination of a Motion to
18 Intervene is not based on an examination of the evidence that may be submitted or the
19 potential outcomes that may arise at hearing. The standard for intervention is direct and
20 substantial impact to the intervenor and that standard is met here.

21 Wherefore, for all the foregoing reasons, Desert Valley respectfully requests that
22 the Commission issue its order granting Desert Valley's Motion to Intervene in this
23 docket.
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1 RESPECTFULLY SUBMITTED this 17th day of August, 2016.
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4 SNELL & WILMER L.L.P.
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1 Original and 13 copies of the foregoing
2 filed this 17th day of August, 2016, with:

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7 Copy of the foregoing hand-delivered
8 This 17th day of August, 2016 to:

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